

VILLAGE OF BARODA

FINANCIAL REPORT

March 31, 2007

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name VILLAGE OF BARODA	County BERRIEN
Fiscal Year End MARCH 31, 2007	Opinion Date APRIL 25, 2007	Date Audit Report Submitted to State June 6, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).



Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) GERBEL & COMPANY, P.C.		Telephone Number 269-983-0534	
Street Address 830 PLEASANT ST, PO BOX 44		City ST. JOSEPH	State MI
		Zip 49085	
Authorizing CPA Signature <i>Robert P. Gerbel CPA</i>		Printed Name	License Number 3453

VILLAGE OF BARODA
BERRIEN COUNTY, MICHIGAN

FINANCIAL REPORT

March 31, 2007

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**Village of Baroda
Berrien County, Michigan
Management's Discussion and Analysis
Fiscal Year 2006 – 2007**

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide financial statements.

Government Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, using accounting methods similar to those used by private-sector companies. The Statement of Net Assets and Statement of Activities are designed to be corporate-like in that all the government and business-type activities are consolidated into columns, which add to a total for the Primary Government. These statements should help the reader to answer the questions: Is the Village, as a whole, better off or worse off as a result of this year's activities? The year's revenues and expenses are recognized regardless of when cash is received or paid?

The Statement of Net Assets focus is designed to be similar to the bottom line results for the Village and its governmental and business-type activities. This statement combines and consolidates governmental funds' current financial resources, (short-term spendable resources) with capital assets and long-term obligations (total economic resources). This statement presents all of the Village's assets and liabilities, with the difference between the two reported at "net assets." Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating. However, in order to assess the overall health of the Village, non-financial factors such as the Village's property tax base and condition of its infrastructure (water lines, sewer lines and lift stations) may also need to be considered.

The Statement of Activities is focused on both the gross and net cost of the various activities (governmental and business-type activities) that are supported by the Village's property taxes, state revenue sharing, water and sewer user fees, and other revenues. This presentation is intended to summarize and simplify the user's analysis of the cost of the various governmental services and provides information showing how the Village's net assets changed during the recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and

expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes).

Both of the government-wide financial statements distinguish functions of the Village of Baroda that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general government, public safety, public works, community and economic development, and recreation and culture. The business-type activities of the Village include the water and sewer funds.

Both statements report two activities:

1. Governmental Activities – Most of the Village’s basic services (police, park, government operations) are reported under this category. Taxes and intergovernmental revenue generally fund these services. The Village’s governmental activities include legislative, general government, public safety, public works, community and economic development, and recreation and culture.
2. Business-type Activities – The Village charges fees to customers for water and sewer usages to cover all or most of the cost of services provided. The Village operates two business-type activities that reflect private sector type operations: Water and Sewer operating.

Fund Financial Statements

Traditional users of the governmental financial statements will find the fund financial statements presentation more familiar. These statements provide more detailed information about the Village’s most significant funds (Major Funds), not the Village as a whole. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the Village uses to maintain control over resources that have been segregated for a specific activity or objective. The Village of Baroda, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

State Law requires certain funds be maintained. The Village Council establishes other funds to control and manage money for particular purposes. The Fund Financial Statements allow the demonstration of sources and uses and/or budgetary compliance associated therewith. In addition to major funds, the Village presents individual fund data for non-major funds in the supplementary information section.

All of the funds of the Village of Baroda can be divided into two categories: governmental and proprietary funds. Government Funds include the General Fund, and special revenue funds. The Proprietary Funds include the Water and Sewer Operating Funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental fund statements are presented on a modified accrual basis, which focuses on the near-term sources and uses of available resources. This is the manner in which the budget is typically developed.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statements of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Most of the Village's basic services are included in governmental funds, which focus on how cash and other financial assets can readily be converted to cash flow in and out, and the balances left at year end that are available for spending. The governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs.

The Village of Baroda maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general operating fund, and one special revenue fund - Major Street, which is considered a major fund. The data from the other special revenue fund - Local Street is presented as other governmental funds.

Proprietary Funds

The Village of Baroda maintains one type of proprietary fund - Enterprise Fund. Enterprise funds are used to report the same functions as presented as business-type activities in the government-wide financial statements. The Village uses enterprise funds to account for its Water Operating and Sewer Operating Funds. The Village has no internal service funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Operating and Sewer Operating funds and are considered major funds of the Village.

Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Additional Required Supplementary Information

Following the basic financial statements is additional required supplementary information that further explains and supports the information in the financial statements.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the Village's case, assets exceeded its liabilities at the end of the fiscal year by \$2,260,804. However, a portion of the Village's net assets (68%) represents its investment in capital assets (e.g. land, buildings, equipment, water and sewer systems). The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Statement of Net Assets

	Governmental Activities		Business- Type Activities		Total	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
Current Assets	\$88,698	\$194,010	\$631,467	\$566,092	\$720,165	\$760,102
Non-current Assets	<u>\$881,300</u>	<u>\$369,173</u>	<u>\$950,869</u>	<u>\$991,869</u>	<u>\$1,832,169</u>	<u>\$1,361,042</u>
Total Assets	<u>\$969,998</u>	<u>\$563,183</u>	<u>\$1,582,336</u>	<u>\$1,557,961</u>	<u>\$2,552,334</u>	<u>\$2,121,144</u>
Long-Term Debt						
Outstanding	-	-	\$285,000	\$330,000	\$285,000	\$330,000
Other Liabilities	<u>\$1,554</u>	-	<u>\$4,976</u>	<u>\$4,826</u>	<u>\$6,380</u>	<u>\$4,826</u>
Total Liabilities	<u>\$1,554</u>	-	<u>\$289,976</u>	<u>\$334,826</u>	<u>\$291,530</u>	<u>\$334,826</u>
<i>Net Assets:</i>						
Invested in Capital Assets, Net Of Related Debt	\$881,300	\$369,173	\$665,869	\$661,869	\$1,547,169	\$1,031,042
Restricted	-	-	\$19,065	\$97,312	\$19,065	\$97,312
Unrestricted	<u>\$87,144</u>	<u>\$194,010</u>	<u>\$607,426</u>	<u>\$463,954</u>	<u>\$694,570</u>	<u>\$657,964</u>
Total Net Assets	<u>\$968,444</u>	<u>\$563,183</u>	<u>\$1,292,360</u>	<u>\$1,223,134</u>	<u>\$2,260,804</u>	<u>\$1,786,318</u>

Statement of Activities

	Governmental Activities		Business- Type Activities		Total	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
<i>Program Revenues</i>						
Charges for Services	\$55,381	\$45,948	\$219,595	\$218,540	\$274,976	\$264,488
Operating Grants & Contributions	\$59,392	\$60,869	-	-	\$59,392	\$60,869
Capital Grants & Contributions	\$393,332	\$18,300	-	-	\$393,332	\$18,300
<i>General Revenues</i>						
Property Taxes	\$114,538	\$104,952	\$65,850	\$64,763	\$180,388	\$169,715
State-Shared Revenues	\$81,009	\$81,733	-	-	\$81,009	\$81,733
Investment Earnings	\$8,238	\$8,541	\$27,545	\$16,474	\$35,783	\$25,015
Transfers & Other Revenue	<u>\$2,068</u>	<u>\$6,172</u>	<u>-</u>	<u>-</u>	<u>\$2,068</u>	<u>\$6,172</u>
Total Revenues	<u>\$205,853</u>	<u>\$326,515</u>	<u>\$93,395</u>	<u>\$299,777</u>	<u>\$299,248</u>	<u>\$626,292</u>
<i>Program Expenses</i>						
General Government	\$125,613	\$149,871	-	-	\$125,613	\$149,871
Public Safety	\$13,832	\$11,430	-	-	\$13,832	\$11,430
Public Works	\$146,853	\$104,603	-	-	\$146,853	\$104,603
Community & Economic Development	\$7,252	\$3,840	-	-	\$7,252	\$3,840
Recreation & Culture	\$15,147	\$20,698	-	-	\$15,147	\$20,698
Interest on Long-Term Debt	-	-	-	-	-	-
Water & Sewer	<u>-</u>	<u>-</u>	<u>\$243,765</u>	<u>\$216,964</u>	<u>\$243,765</u>	<u>\$216,964</u>
Total Expenses	<u>\$308,697</u>	<u>\$290,442</u>	<u>\$243,765</u>	<u>\$216,964</u>	<u>\$552,462</u>	<u>\$507,406</u>
Change in Net Assets	<u>\$405,261</u>	<u>\$36,073</u>	<u>\$69,225</u>	<u>\$82,813</u>	<u>\$474,486</u>	<u>\$118,886</u>

Governmental Activities Net Assets increased \$405,261. Highlights are listed below:

- Experienced an increase of \$9,586 in Tax Revenues due to increase in Millage
- Experienced an increase in State Revenue Sharing of \$1,997.
- Received \$215,611 in grant money for Lemon Creek Road Project.
- Experienced an increase in Licenses and Permits Revenue from the previous year.
- Experienced a \$18,255 increase in General Government Expenditures
- Experienced a \$42,250 increase in Public Works Expenditures due to realigning of some insurance costs.
- The Treasurer invested funds in a Certificate of Deposit and again experienced a slight increase in interest income.

Business-Type Activities Net Assets increased \$69,225. Highlights are listed below:

- Water Metered Sales decreased by \$2,379 from the 2005-2006 fiscal year.
- Experienced a \$16,763 increase in Hydrant Rental Income
- Experienced an increase in Water Purchased Expenditure of \$11,109 due to a rate increase by Lake Charter Township.
- Experienced a \$931 decrease in Professional Services Expenditures.
- Experienced a decrease in Repairs and Maintenance of \$474.
- Total Net Non-operating Expenses increased \$14,749 over the 2005-2006 fiscal year.

Enterprise Fund Operations

The Village's business-type activities consist of the Water and Sewer Funds. We provide water to 99% of the Village and to some of the surrounding Township homes. We purchase our water from the Lake Charter Township Water Department. Sewer service is provided to 98% of the Village and no sewer service is provided to the Township residents.

Five new homes have been completed in the Lakeshore Vineyards sub-division and work has begun in the new Eagle Crest sub-division has begun and proposes to add an additional 12 houses to the water and sewer systems.

Overall, we saw an increase of \$28,856 in Water Fund Operating Expenses and a decrease of \$9,755 in Operating Revenue. The Sewer Fund Operating Expenses experienced a slight increase of \$536 and an increase of \$10,810 in Sewer Operating Revenue.

As we look at the business-type activities separately from the governmental activities, we see that the business-type activities has \$323,916 more in net assets than the governmental activities even though the business-type activities has a much larger amount of liabilities. The business-type activities have bonds that need to be paid off. We believe with the proposed housing developments being looked at, that we will see quite an increase in revenue in our business-type activities.

Financial Analysis of Governmental Funds

General Fund Highlights

The General Fund Revenue was up by \$16,026 from the 2005-06 fiscal year. This was due to an increase in Property Taxes, Non-business licenses and permits, and Interest and Rents. We did not receive a Contribution from our Component Unit this year.

Most of the Village's expenses are paid out of the General Fund. Our Total Expenditures for the year were up by \$5,178 from the 2005-2006 year. However, we did experience a decrease in expenses in the areas of Buildings and Grounds, Public Works and Recreation and Cultural.

Employee Benefits - The Village continues to contribute 6% of the employees' wages to the Pension Plan. Health insurance benefits are paid for the three full-time employees. We have experienced a slight rise in premiums at the end of the fiscal year and have changed health insurance plans to decrease our costs.

Major Street Highlights

The Major Street Fund Revenue increased by \$374,178 from the previous year due to receiving a \$215,611 grant from the State and a \$175,000 from the Component Unit for the Lemon Creek Road Project. We experienced a slight decrease in Act 51 monies received from the State. Winter Maintenance Expenses increased due to snowy weather over the previous winter. Construction costs on the Lemon Creek Road Project were approximately \$470,925.

The Major Street Fund Balance at the end of the year was \$ 2,557. Much of this decrease can be attributed to costs of the Lemon Creek Road Project.

General Fund Budgetary Highlights

Actual expenses for the year came in at \$61,735 less the budgeted amount and total revenues came in at \$10,510 more than budgeted and can be briefly summarized as follows:

- Total Administrative and Office Expenses came in at \$11,179 less than budgeted.
- Total Buildings and Grounds Expenses came in at \$4,805 less than budgeted.
- Total Public Safety Expenses came in at \$4,196 less than budgeted.
- Total Public Works Expenses came in at \$16,332 less than budgeted.
- Total Community and Economic Development Expenses came in at \$8,237 less than budgeted (due to the Ordinance Book Codification not being completed during the fiscal year – this will be completed during the 2006-2007 Fiscal Year).
- Total Recreation and Cultural Expenses came in at \$7,742 less than budgeted (due to fewer park repairs than anticipated).

Capital Asset and Debt Administration

Capital Assets

The Governmental Activities Total Nondepreciable Assets at the Fiscal Year End 2006-2007 was \$120,270.

The Total Capital Assets Other Than Nondepreciable at the Fiscal Year End 2006-2007 was \$761,030. This included current year additions of \$1,470 in new machinery/equipment, \$553,925 in Infrastructure, and \$2,579 in new office equipment.

Statement of Capital Assets (net of depreciation)

	Governmental Activities		Business- Type Activities		Total	
	2006-2007	2005-2006	2006-2007	2005-2006	2006-2007	2005-2006
Land	\$120,270	\$120,270	\$81,110	\$81,110	\$201,380	\$227,775
Construction in Progress	-	\$26,395	-	-	-	\$26,395
Buildings	\$26,896	\$27,984	-	-	\$26,896	\$27,984
Land Improvements	\$103,536	\$108,371	-	-	\$103,536	\$108,371
Machinery & Equipment	\$73,471	\$83,005	\$10,272	\$16,713	\$83,743	\$99,718
Vehicles	-	-	-	-	-	-
Infrastructure	\$552,771	-	-	-	\$552,771	-
Office Equipment	\$4,356	\$3,148	-	-	\$4,356	\$3,148
Utility System	-	-	<u>\$859,487</u>	<u>\$894,046</u>	<u>\$859,487</u>	<u>\$894,046</u>
Total	<u>\$881,300</u>	<u>\$369,173</u>	<u>\$950,869</u>	<u>\$991,869</u>	<u>\$1,832,169</u>	<u>\$1,361,042</u>

Additional information on capital assets can be found in note 3 of the Financial Statements.

Long Term Debt

The Sewer Fund has a balance of \$165,000 in bonds and \$23,290 interest to be paid to Berrien County. These bonds should be paid off by in 2011.

The Water Fund has a balance of \$120,000 in bonds and \$39,000 in Interest to be paid to Berrien County. These bonds should be paid off by 2019.

Investments

The Treasurer has invested \$344,461 (not including DDA) in Certificate of Deposits to help grow our funds. Funds with CD's are: Centennial, Sewer O & M, Sewer Debt, General, and Water O & M.

The DDA has \$109,979 invested in Certificate of Deposits.

Economic Factors and Next Year's Budgets and Rates

The Village had an Economic Enhancement Study done by Charles Eckenstahler of Public Consulting Team and Wightman & Associates, Inc. in 2005. To summarize the report, the Village is really early in the growth cycle. Mr. Eckenstahler stated that he believes that everything that is happening with the current economics in the Twin Cities area and in Berrien County, that Baroda is in the position for growth and development in about five years. In the short-term he doesn't anticipate a lot of housing development in Baroda, however two subdivisions are being developed since the report was written. The Village Council and DDA are working together to create desirable conditions for economic growth in the Village. They began on several projects this year, but the entire plan will take approximately 10 years to complete.

We expect an increase to our revenue as we develop and sell parcels in the Industrial Park. Tax revenues should increase as the proposed housing developments within the village are built.

Contacting the Village's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office.

Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Fifth Third Bank Building ■ 4th Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

April 25, 2007

INDEPENDENT AUDITOR'S REPORT

To the Village Council
Village of Baroda
Baroda, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Village of Baroda, as of and for the year ended March 31, 2007, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages I through X and 24 through 26, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Village of Baroda's basic financial statements. The combining and individual nonmajor fund financial statements are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Gerbel & Company, P.C.

Right. On time.

VILLAGE OF BARODA
Statement of Net Assets
March 31, 2007

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Downtown Development Authority</u>
Assets				
Cash	\$ 67,287	\$ 608,393	\$ 675,680	\$ 179,873
Receivables	7,609	23,074	30,683	-
Due from other governments	-	-	-	60,473
Prepaid expenses	13,802	-	13,802	-
Nondepreciable assets:				
Land	120,270	81,110	201,380	13,620
Capital assets (net of related depreciation):				
Buildings	26,896	-	26,896	-
Land improvements	103,536	-	103,536	-
Machinery and equipment	73,471	10,272	83,743	963
Infrastructure	552,771	-	552,771	-
Office equipment	4,356	-	4,356	-
Utility systems	-	859,487	859,487	-
Total Assets	<u>\$ 969,998</u>	<u>\$ 1,582,336</u>	<u>\$ 2,552,334</u>	<u>\$ 254,929</u>
Liabilities				
Accounts payable	\$ 1,244	\$ -	\$ 1,244	\$ -
Escrow	310	-	310	-
Accrued interest	-	2,500	2,500	-
Customer deposits	-	2,476	2,476	-
Noncurrent liabilities:				
Due within one year	-	45,000	45,000	-
Due in more than one year	-	240,000	240,000	-
Total Liabilities	<u>\$ 1,554</u>	<u>\$ 289,976</u>	<u>\$ 291,530</u>	<u>\$ -</u>
Nets Assets				
Invested in capital assets, net of related debt	\$ 881,300	\$ 665,869	\$ 1,547,169	\$ 14,583
Restricted	-	19,065	19,065	-
Unrestricted	87,144	607,426	694,570	240,346
TOTAL NET ASSETS	<u>\$ 968,444</u>	<u>\$ 1,292,360</u>	<u>\$ 2,260,804</u>	<u>\$ 254,929</u>

VILLAGE OF BARODA
Statement of Activities
For the Year Ended March 31, 2007

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General government	\$ 125,613	\$ 11,758	\$ -	\$ -
Public safety	13,832	5,607	-	-
Public works	146,853	38,016	59,392	390,611
Community and economic development	7,252	-	-	-
Recreation and cultural	15,147	-	-	2,721
Total Governmental Activities	<u>\$ 308,697</u>	<u>\$ 55,381</u>	<u>\$ 59,392</u>	<u>\$ 393,332</u>
Business-type Activities:				
Sewer fund	\$ 106,043	\$ 108,025	\$ -	\$ -
Water fund	137,722	111,570	-	-
Total Business-type Activities	<u>\$ 243,765</u>	<u>\$ 219,595</u>	<u>\$ -</u>	<u>\$ -</u>
Total Primary Government	<u>\$ 552,462</u>	<u>\$ 274,976</u>	<u>\$ 59,392</u>	<u>\$ 393,332</u>
Component Unit:				
Downtown Development Authority	<u>\$ 191,396</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:

Property taxes
State revenue sharing
Interest
Other revenue

Total General Revenues

Change in Net Assets

Net Assets - Beginning of Year

NET ASSETS - END OF YEAR

The accompanying notes are an integral part of these financial statements.

**Net (Expense) Revenue and
Changes in Net Assets**

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Downtown Development Authority
\$ (113,855)	\$ -	\$ (113,855)	\$ -
(8,225)	-	(8,225)	-
341,166	-	341,166	-
(7,252)	-	(7,252)	-
<u>(12,426)</u>	<u>-</u>	<u>(12,426)</u>	<u>-</u>
 \$ 199,408	 \$ -	 \$ 199,408	 \$ -
 \$ -	 \$ 1,982	 \$ 1,982	 \$ -
<u>-</u>	<u>(26,152)</u>	<u>(26,152)</u>	<u>-</u>
 \$ -	 \$ (24,170)	 \$ (24,170)	 \$ -
 \$ 199,408	 \$ (24,170)	 \$ 175,238	 \$ -
<u>-</u>	<u>-</u>	<u>-</u>	<u>(191,396)</u>
 \$ 114,538	 \$ 65,850	 \$ 180,388	 \$ 97,441
81,009	-	81,009	-
8,238	27,545	35,783	12,662
<u>2,068</u>	<u>-</u>	<u>2,068</u>	<u>-</u>
 \$ 205,853	 \$ 93,395	 \$ 299,248	 \$ 110,103
 \$ 405,261	 \$ 69,225	 \$ 474,486	 \$ (81,293)
<u>563,183</u>	<u>1,223,135</u>	<u>1,786,318</u>	<u>336,222</u>
 \$ 968,444	 \$ 1,292,360	 \$ 2,260,804	 \$ 254,929

**VILLAGE OF BARODA
GOVERNMENTAL FUNDS
Balance Sheet
March 31, 2007**

	<u>General Fund</u>	<u>Major Street Funds</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Current Assets:				
Cash and cash equivalents	\$ 63,711	\$ 2,557	\$ 1,019	\$ 67,287
Taxes receivable	7,609	-	-	7,609
Prepaid expenses	<u>13,802</u>	<u>-</u>	<u>-</u>	<u>13,802</u>
Total Current Assets	<u>\$ 85,122</u>	<u>\$ 2,557</u>	<u>\$ 1,019</u>	<u>\$ 88,698</u>
TOTAL ASSETS	<u>\$ 85,122</u>	<u>\$ 2,557</u>	<u>\$ 1,019</u>	<u>\$ 88,698</u>
Liabilities and Fund Balances				
Current Liabilities:				
Accounts payable	\$ 1,244	\$ -	\$ -	\$ 1,244
Escrow	<u>310</u>	<u>-</u>	<u>-</u>	<u>310</u>
Total Current Liabilities	<u>\$ 1,554</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,554</u>
Total Liabilities	<u>\$ 1,554</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,554</u>
Fund Balances:				
Unreserved				
Undesignated, reported in				
General Fund	\$ 83,568	\$ -	\$ -	\$ 83,568
Special Revenue	<u>-</u>	<u>2,557</u>	<u>1,019</u>	<u>3,576</u>
Total Fund Balances	<u>\$ 83,568</u>	<u>\$ 2,557</u>	<u>\$ 1,019</u>	<u>\$ 87,144</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 85,122</u>	<u>\$ 2,557</u>	<u>\$ 1,019</u>	<u>\$ 88,698</u>

VILLAGE OF BARODA
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
March 31, 2007

Fund balances of governmental funds	\$ 87,144
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Amounts reported for *governmental activities* in the statement of net assets are different because:

Governmental funds report capital outlay as expenditures, but they are recorded as capital assets in the government-wide statements and depreciated over their useful lives.	<u>881,300</u>
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Net assets of governmental activities	<u>\$ 968,444</u>
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VILLAGE OF BARODA
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended March 31, 2007

	<u>General Fund</u>	<u>Major Street Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes	\$ 114,538	\$ -	\$ -	\$ 114,538
State revenue	83,730	46,333	13,059	143,122
Interest and rents	44,119	2,710	126	46,955
Licenses and permits	10,675	-	-	10,675
Charges for services	6,960	-	-	6,960
Contributions and grants	520	215,611	-	216,131
Contributions from component unit	-	175,000	-	175,000
Other revenue	2,168	-	-	2,168
	<u>2,168</u>	<u>-</u>	<u>-</u>	<u>2,168</u>
 Total Revenues	 <u>\$ 262,710</u>	 <u>\$ 439,654</u>	 <u>\$ 13,185</u>	 <u>\$ 715,549</u>
 Expenditures:				
General government	\$ 125,224	\$ 5,187	\$ 4,610	\$ 135,021
Public safety	14,904	-	-	14,904
Public works	56,983	565,646	31,897	654,526
Community and economic development	7,253	-	-	7,253
Recreation and cultural	10,568	-	-	10,568
Capital outlay	143	-	-	143
	<u>143</u>	<u>-</u>	<u>-</u>	<u>143</u>
 Total Expenditures	 <u>\$ 215,075</u>	 <u>\$ 570,833</u>	 <u>\$ 36,507</u>	 <u>\$ 822,415</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>\$ 47,635</u>	 <u>\$ (131,179)</u>	 <u>\$ (23,322)</u>	 <u>\$ (106,866)</u>
 Other Financing Sources (Uses):				
Operating transfer in	\$ -	\$ 34,000	\$ 20,000	\$ 54,000
Operating transfer out	(54,000)	-	-	(54,000)
	<u>(54,000)</u>	<u>-</u>	<u>-</u>	<u>(54,000)</u>
 Total Other Financing Sources (Uses)	 <u>\$ (54,000)</u>	 <u>\$ 34,000</u>	 <u>\$ 20,000</u>	 <u>\$ -</u>
 Net Change in Fund Balances	 <u>\$ (6,365)</u>	 <u>\$ (97,179)</u>	 <u>\$ (3,322)</u>	 <u>\$ (106,866)</u>
 Fund Balances, Beginning of Year	 <u>89,933</u>	 <u>99,736</u>	 <u>4,341</u>	 <u>194,010</u>
 FUND BALANCES, END OF YEAR	 <u>\$ 83,568</u>	 <u>\$ 2,557</u>	 <u>\$ 1,019</u>	 <u>\$ 87,144</u>

VILLAGE OF BARODA
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended March 31, 2007

Net change in fund balances - total governmental funds	\$ (106,866)
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Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlay as expenditures, but they are recorded as capital assets in the government-wide statements and depreciated over their useful lives. This is the amount by which capital outlays exceeded depreciation in the current period.

<u>512,127</u>

Change in net assets of governmental activities	<u>\$ 405,261</u>
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**VILLAGE OF BARODA
PROPRIETARY FUNDS
Statement of Net Assets
March 31, 2007**

	Business-Type Activities Enterprise Funds		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Assets			
Current Assets:			
Cash and cash equivalents	\$ 454,889	\$ 130,643	\$ 585,532
Billings receivable	5,745	5,794	11,539
Assessments	<u>11,535</u>	<u>-</u>	<u>11,535</u>
Total Current Assets	<u>\$ 472,169</u>	<u>\$ 136,437</u>	<u>\$ 608,606</u>
Noncurrent Assets:			
Restricted Cash:			
Revenue bond interest	\$ -	\$ 19,065	\$ 19,065
System improvements	1,320	-	1,320
Meter deposits	<u>-</u>	<u>2,476</u>	<u>2,476</u>
Total Restricted Cash	<u>\$ 1,320</u>	<u>\$ 21,541</u>	<u>\$ 22,861</u>
Capital Assets:			
Land	\$ 81,110	\$ -	\$ 81,110
Machinery and equipment	56,048	-	56,048
Vehicles	-	4,500	4,500
Water supply system	-	718,055	718,055
Sanitary sewer system	1,191,727	-	1,191,727
Plant additions	1,105	-	1,105
Accumulated depreciation	<u>(691,065)</u>	<u>(410,611)</u>	<u>(1,101,676)</u>
Total Capital Assets	<u>\$ 638,925</u>	<u>\$ 311,944</u>	<u>\$ 950,869</u>
Total Noncurrent Assets	<u>\$ 640,245</u>	<u>\$ 333,485</u>	<u>\$ 973,730</u>
TOTAL ASSETS	<u>\$ 1,112,414</u>	<u>\$ 469,922</u>	<u>\$ 1,582,336</u>

The accompanying notes are an integral part of these financial statements.

Business-Type Activities Enterprise Funds			
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Liabilities and Net Assets			
Current Liabilities:			
Accrued interest	\$ -	\$ 2,500	\$ 2,500
Current portion of debt	10,000	35,000	45,000
Customer meter deposits	-	2,476	2,476
	<u>-</u>	<u>2,476</u>	<u>2,476</u>
Total Current Liabilities	\$ 10,000	\$ 39,976	\$ 49,976
Noncurrent Liabilities:			
Bonds payable, net of current portion	155,000	85,000	240,000
	<u>155,000</u>	<u>85,000</u>	<u>240,000</u>
Total Liabilities	\$ 165,000	\$ 124,976	\$ 289,976
Nets Assets:			
Invested in capital assets, net of related debt	\$ 473,925	\$ 191,944	\$ 665,869
Restricted for debt service	-	19,065	19,065
Unrestricted:			
Designated for improvements	1,320	-	1,320
Undesignated	472,169	133,937	606,106
	<u>472,169</u>	<u>133,937</u>	<u>606,106</u>
Total Net Assets	\$ 947,414	\$ 344,946	\$ 1,292,360
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,112,414</u>	<u>\$ 469,922</u>	<u>\$ 1,582,336</u>

**VILLAGE OF BARODA
PROPRIETARY FUNDS
Statement of Revenues, Expenses, and
Changes in Net Assets
For the Year Ended March 31, 2007**

	Business-Type Activities Enterprise Funds		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Operating Revenues:			
Metered sales	\$ 73,247	\$ 96,508	\$ 169,755
Tap installation fees	18,240	2,412	20,652
Hydrant rentals	16,013	12,500	28,513
Other	<u>525</u>	<u>150</u>	<u>675</u>
Total Operating Revenues	<u>\$ 108,025</u>	<u>\$ 111,570</u>	<u>\$ 219,595</u>
Operating Expenses:			
Water purchased	\$ -	\$ 56,177	\$ 56,177
Salaries and wages	27,185	11,123	38,308
Payroll taxes	2,080	851	2,931
Retirement	1,507	572	2,079
Supplies	678	5,664	6,342
Professional services	1,960	1,960	3,920
Insurance	10,083	4,752	14,835
Utilities	1,447	130	1,577
Contractual services	3,635	11,484	15,119
Depreciation	36,185	16,815	53,000
Repairs and maintenance	2,733	16,037	18,770
Equipment rental	3,765	3,340	7,105
Sampling	2,253	390	2,643
Miscellaneous	974	960	1,934
Permits and fees	<u>-</u>	<u>966</u>	<u>966</u>
Total Operating Expenses	<u>\$ 94,485</u>	<u>\$ 131,221</u>	<u>\$ 225,706</u>
Operating Income	<u>\$ 13,540</u>	<u>\$ (19,651)</u>	<u>\$ (6,111)</u>
Nonoperating Revenue (Expense):			
Interest income	\$ 20,168	\$ 7,377	\$ 27,545
Property taxes	65,850	-	65,850
Interest expense	<u>(11,559)</u>	<u>(6,500)</u>	<u>(18,059)</u>
Total Net Nonoperating Expenses	<u>\$ 74,459</u>	<u>\$ 877</u>	<u>\$ 75,336</u>
Change in Net Assets	<u>\$ 87,999</u>	<u>\$ (18,774)</u>	<u>\$ 69,225</u>
Total Net Assets, Beginning of Year	<u>859,415</u>	<u>363,720</u>	<u>1,223,135</u>
TOTAL NET ASSETS, END OF YEAR	<u>\$ 947,414</u>	<u>\$ 344,946</u>	<u>\$ 1,292,360</u>

**VILLAGE OF BARODA
PROPRIETARY FUNDS
Statement of Cash Flows
For the Year Ended March 31, 2007**

	Business-Type Activities Enterprise Funds		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Cash Flows From Operating Activities:			
Cash receipts from customers	\$ 93,660	\$ 99,220	\$ 192,880
Cash receipts from interfund services provided	16,013	12,500	28,513
Payments to employees	(27,185)	(11,123)	(38,308)
Payments of benefits on behalf of employees	(13,670)	(6,175)	(19,845)
Payments for interfund services used	(3,765)	(3,340)	(7,105)
Payments to suppliers	<u>(13,680)</u>	<u>(93,768)</u>	<u>(107,448)</u>
Net cash provided (used) by operating activities	<u>\$ 51,373</u>	<u>\$ (2,686)</u>	<u>\$ 48,687</u>
Cash Flows From Capital and Related Financing Activities:			
Proceeds from debt related tax levy	\$ 65,850	\$ -	\$ 65,850
Interest received on special assessments	1,204	-	1,204
Capital outlay	(12,000)	-	(12,000)
Payment of debt principal	(35,000)	(10,000)	(45,000)
Payment of debt related interest	<u>(11,559)</u>	<u>(6,500)</u>	<u>(18,059)</u>
Net cash provided (used) by capital and related financing activities	<u>\$ 8,495</u>	<u>\$ (16,500)</u>	<u>\$ (8,005)</u>
Cash Flows From Investing Activities:			
Interest income	<u>\$ 18,964</u>	<u>\$ 7,377</u>	<u>\$ 26,341</u>
Net cash provided (used) by investing activities	<u>\$ 18,964</u>	<u>\$ 7,377</u>	<u>\$ 26,341</u>
Net increase (decrease) in cash and cash equivalents	\$ 78,832	\$ (11,809)	\$ 67,023
Cash Balance, Beginning of Year	<u>377,377</u>	<u>163,993</u>	<u>541,370</u>
CASH BALANCE, END OF YEAR	<u>\$ 456,209</u>	<u>\$ 152,184</u>	<u>\$ 608,393</u>

**VILLAGE OF BARODA
PROPRIETARY FUNDS
Statement of Cash Flows
For the Year Ended March 31, 2007**

	Business-Type Activities Enterprise Funds		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 13,540	\$ (19,651)	\$ (6,111)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	\$ 36,185	\$ 16,815	\$ 53,000
(Increase) decrease in:			
Assessments	1,648	-	1,648
Increase (decrease) in:			
Customer meter deposits	-	150	150
Total adjustments	\$ 37,833	\$ 16,965	\$ 54,798
Net cash provided (used) by operating activities	\$ 51,373	\$ (2,686)	\$ 48,687

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting methods and procedures adopted by Village of Baroda, Michigan, conform to accounting principles generally accepted in the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant government accounting policies are described below:

A. Reporting Entity

In evaluating how to define the Village's reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP). The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability of fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Village is able to exercise oversight responsibilities. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the Village's reporting entity.

Village of Baroda Downtown Development Authority. The members of the governing board of the Downtown Development Authority are appointed by the Village of Baroda. The Authority's operational budget, including its tax levy, is subject to the approval or modification by the Village Board. Also, surplus funds existing at termination of the Authority rest with the Village.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statements of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government of the Village. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus, Basis of Accounting, and Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. In the individual fund statements and schedules, the proprietary funds and fiduciary fund financial statements are also reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Village.

Village of Baroda reports the following major governmental funds:

The **General Fund** is the Village's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

The **Major Street Fund** is used to account for the upkeep and maintenance of major streets within the Village.

Village of Baroda reports the following major proprietary funds:

The **Water Operating Fund** accounts for the activities related to the Village's share of the Lake Charter Township's water production, purification, distribution, and billing.

The **Sewer Operating Fund** accounts for the activities related to the operation of the sanitary collections system serving the Village.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Village has elected not to follow subsequent private-sector guidance.

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus, Basis of Accounting, and Financial Statements - Continued

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges between the Water Fund, Sewer Fund, and other functions and segments. Elimination of these charges would distort the direct costs and program revenues for the functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. All taxes are reported as general taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expense for enterprise funds and internal service funds includes the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first. Unrestricted resources are used as they are needed.

D. Budgetary Data

Prior to an annual meeting, the President submits, to the Board of Trustees, a proposed operating budget for the fiscal year commencing April 1. The budget includes proposed expenditures and the means of financing them.

A public hearing is conducted before final adoption by the Board of Trustees.

The budget is formally accepted in summary form at the annual budget meeting.

The Board of Trustees must approve any revisions to the budget whether it is a revision of budgeted amounts between departments within a fund or a revision that alters the total expenditures of any fund.

E. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by Village of Baroda as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years.

All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded at estimated fair market value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. Capital Assets - Continued

Depreciation of all exhaustible capital assets used is charged as an expense against their operations in government-wide statements and all proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statements of net assets. The straight-line depreciation method is applied over the estimated useful life of fixed assets.

The straight-line depreciation method is used for all depreciable capital assets. The estimated useful lives for capital assets are displayed in the table below:

<u>Asset Class</u>	<u>Depreciable Life</u>
Land	N/A
Buildings	25-50 years
Equipment	5-15 years
Vehicles	7-10 years
Utility Systems	10-40 years
Land Improvements	15-20 years
Infrastructure	20-30 years

F. Long-Term Liabilities

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities or proprietary fund type statements of net assets. Bonds premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using straight-line amortization. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt received, are reported as debt service.

G. Property Taxes

Property taxes are assessed on December 31, and are billed and become a lien on July 1 of the following year. Real property taxes not collected by September 14 of each year are returned delinquent to the Berrien County Treasurer. Berrien County has a revolving fund that purchases the delinquent real taxes and special assessments from the local units in May of each year. Thus, all real property taxes and special assessments are realized within sixty days after the end of the Village's fiscal year and are attributed to that year.

The Village levied 8.9859 mills for general operations and 4.0000 mills for sewer debt retirement in 2006. Taxable value of real and personal property for the 2006 tax levy was \$15,286,766 at the full millage rate and \$1,175,653 of I.F.T. property taxed at fifty percent of the millage rate.

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

I. Restricted Cash

Certain resources in the Village's enterprise funds have been set aside for specific future expenditures and repayments, including monies held for meter deposits, amounts to be used for improvements and amounts to be used for interest expense on bonds payable.

J. Cash and Cash Equivalents

The Village considers all highly liquid investments (including restricted assets) with a maturity of one year or less when purchased to be defined as cash equivalents.

K. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues, and expenditures. Actual results may differ from estimated amounts.

L. Restricted and Designated Net Assets

The Village's water and sewer enterprise funds have restricted net assets to account for the cash restricted for bond debt interest. The designated unrestricted net assets are intended for improvements to the water and sewer systems.

NOTE 2 - CASH AND CASH INVESTMENTS

Cash and Short-term Investments - The Village is authorized to invest in certificates of deposit, savings accounts and deposit accounts. The Village is also authorized to invest in bonds, securities, and other obligations of the United States, or an agency whose principal and interest is fully guaranteed by the United States. The Village is authorized to invest in commercial paper within the two highest classifications and maturities not more than 270 days after the date of purchase. Act 217, PA 1982 states that the Village's deposits, which include cash and certificates of deposit, are carried at cost and must be invested in accounts of federally insured banks, insured credit unions, savings and loan associations and bonds and other direct obligations of the associations and bonds and other direct obligations of the United States. Michigan law prohibits security in the form of collateral, surety bond, or other forms for the deposit of public money. An Attorney General's opinion states that public funds may not be deposited in financial institutions that do not have a branch location in Michigan. The Village's deposits are in accordance with statutory authority at March 31, 2007.

Long-term Investments - The Village's policy does not address investments other than short-term highly liquid assets.

Interest Rate Risk - It is the objective of the Village to maintain safety of principal of its funds, maintain a diversified portfolio, maintain sufficient liquidity to meet operating requirements, and to obtain a market average rate of return. The Village is not exposed to interest rate risk.

All certificates of deposit with maturities less than one year are classified as cash and cash equivalents.

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2007

NOTE 2 - CASH AND CASH INVESTMENTS - Continued

Custodial Credit Risk - The Village is authorized to invest in pre-qualifying financial institutions, brokers, dealers, intermediaries, and advisors with whom the Village will do business. The portfolio will be diversified so that the impact on the investment portfolio resulting from losses on individual securities will be minimized. As of March 31, 2007, the Village's funds were deposited in three institutions meeting the above requirements. As of March 31, 2007, \$565,291 of the government's bank balance of \$865,291 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized \$ 565,291

NOTE 3 - CAPITAL ASSETS

Capital assets activities for the year ended March 31, 2007 were as follows:

	<u>Balance</u> <u>April 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>March 31, 2007</u>
Governmental Activities				
Nondepreciable assets:				
Construction in progress	\$ 26,395	\$ -	\$ (26,395)	\$ -
Land	<u>120,270</u>	<u>-</u>	<u>-</u>	<u>120,270</u>
Total Nondepreciable Assets	\$ 146,665	\$ -	\$ (26,395)	\$ 120,270
Buildings	\$ 58,390	\$ -	\$ -	\$ 58,390
Land improvements	123,891	-	-	123,891
Machinery and equipment	195,869	1,470	-	197,339
Infrastructure	-	553,925	-	553,925
Vehicles	24,872	-	-	24,872
Office equipment	<u>9,270</u>	<u>2,579</u>	<u>-</u>	<u>11,849</u>
Subtotal	\$ 412,292	\$ 557,974	\$ -	\$ 970,266
Less: Accumulated Depreciation	<u>(189,784)</u>	<u>(19,452)</u>	<u>-</u>	<u>(209,236)</u>
Total Capital Assets Other Than Nondepreciable	\$ 222,508	\$ 538,522	\$ -	\$ 761,030

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2007

NOTE 3 - CAPITAL ASSETS - Continued

	<u>Balance</u> <u>April 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>March 31, 2007</u>
Business Activities				
Nondepreciable assets:				
Land	\$ 81,110	\$ -	\$ -	\$ 81,110
Total Nondepreciable Assets	\$ 81,110	\$ -	\$ -	\$ 81,110
Machinery and equipment	\$ 60,548	\$ -	\$ -	\$ 60,548
Utility systems	1,898,886	12,000	-	1,910,886
Subtotal	\$ 1,959,434	\$ 12,000	\$ -	\$ 1,971,434
Less: Accumulated Depreciation	(1,048,675)	(53,000)	-	(1,101,675)
Total Capital Assets Other Than Nondepreciable	\$ 910,759	\$ (41,000)	\$ -	\$ 869,759
Component Unit				
Nondepreciable assets:				
Land	\$ -	\$ 13,620	\$ -	\$ 13,620
Total Nondepreciable Assets	\$ -	\$ 13,620	\$ -	\$ 13,620
Equipment	\$ 1,133	\$ -	\$ -	\$ 1,133
Less: Accumulated depreciation	(58)	(112)	-	(170)
Total Capital Assets Other Than Nondepreciable	\$ 1,075	\$ (112)	\$ -	\$ 963

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2007

NOTE 3 - CAPITAL ASSETS - Continued

Depreciation expense was charged in the following functions in the statement of activities:

Governmental functions:

General government	\$ 2,559
Public works	11,936
Recreation and cultural	<u>4,957</u>
Total	<u>\$ 19,452</u>

Business-type functions:

Water	\$ 16,815
Sewer	<u>36,185</u>
Total	<u>\$ 53,000</u>

Component Unit:

Recreation and cultural	<u>\$ 112</u>
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NOTE 4 - CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions of the primary government for the year ended March 31, 2007:

	<u>Bonds Payable</u>
As of April 1, 2006	\$ 330,000
Additions	-
(Reductions)	<u>(45,000)</u>
As of March 31, 2007	<u>\$ 285,000</u>

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2007

NOTE 4 - CHANGES IN LONG-TERM DEBT - Continued

Long-term debt at March 31, 2007 is comprised of the following individual issues:

	Balance April 1, 2006	<u>Additions</u>	<u>Reductions</u>	Balance March 31, 2007	<u>Due Within One Year</u>
Business-type Activities:					
\$300,000 bond due in annual installments of \$10,000 through January 1, 2019; interest at 5.00% - Water Fund.	\$ 130,000	\$ -	\$ 10,000	\$ 120,000	\$ 10,000
\$815,000 bond due in annual installments of \$10,000 to \$40,000 through October 1, 2011 ; interest varies from 5.65% to 6.50% - Sewer Fund	<u>200,000</u>	<u>-</u>	<u>35,000</u>	<u>165,000</u>	<u>35,000</u>
Total Business-Type Activities	<u>\$ 330,000</u>	<u>\$ -</u>	<u>\$ 45,000</u>	<u>\$ 285,000</u>	<u>\$ 45,000</u>

Annual debt service requirements to maturity for the above obligations are as follows:

Year Ending March 31,	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$ 45,000	\$ 15,415
2009	50,000	12,570
2010	50,000	9,530
2011	50,000	6,450
2012	20,000	4,325
2013-2017	50,000	12,500
2018-2019	<u>20,000</u>	<u>1,500</u>
Total	<u>\$ 285,000</u>	<u>\$ 62,290</u>

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2007

NOTE 4 - CHANGES IN LONG-TERM DEBT - Continued

Schedule of Indebtedness - Bonds Payable (Water Fund)

The County of Berrien issued revenue bonds in the amount of \$300,000 on October 2, 1979, for the purpose of assisting the Village in acquiring and constructing improvements to its water supply system. Schedule of outstanding bonds is as follows:

<u>Date</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Annual Principal Requirement</u>	<u>Annual Interest Payable</u>
10/2/1979	\$ 300,000	5.00%	1/1/2008	\$ 10,000	\$ 6,000
		5.00%	1/1/2009	10,000	5,500
		5.00%	1/1/2010	10,000	5,000
		5.00%	1/1/2011	10,000	4,500
		5.00%	1/1/2012	10,000	4,000
		5.00%	1/1/2013	10,000	3,500
		5.00%	1/1/2014	10,000	3,000
		5.00%	1/1/2015	10,000	2,500
		5.00%	1/1/2016	10,000	2,000
		5.00%	1/1/2017	10,000	1,500
		5.00%	1/1/2018	10,000	1,000
		5.00%	1/1/2019	10,000	500
TOTAL				<u>\$ 120,000</u>	<u>\$ 39,000</u>

Schedule of Indebtedness - Bonds Payable (Sewer Fund)

Berrien County Sanitary Sewage Disposal Refunding Bonds were issued by the County of Berrien October 1, 1992, for the purpose of refunding Berrien County Sewage Disposal System No. 18 Bonds (Prior Bonds) and paying the costs of issuing and refunding bonds. The County of Berrien called for redemption, on October 1, 1995, of all outstanding maturities of the Prior Bond.

<u>Date</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Annual Principal Requirement</u>	<u>Annual Interest Payable</u>
10/1/1992	\$ 815,000	6.20%	10/1/2007	\$ 35,000	\$ 9,415
		6.30%	10/1/2008	40,000	7,070
		6.40%	10/1/2009	40,000	4,530
		6.50%	10/1/2010	40,000	1,950
		6.50%	10/1/2011	10,000	325
TOTAL				<u>\$ 165,000</u>	<u>\$ 23,290</u>

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2007

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

During the year, the following transfer was made between funds:

From General Fund	
To Major Streets Fund	\$ 34,000
To Local Street Fund	<u>20,000</u>
 Total Transfers Between Funds	 <u>\$ 54,000</u>

Funds were transferred to the Major Street Fund from the General Fund for operating costs incurred during the year.

Funds were transferred to the Local Street Fund from the General Fund for operating costs incurred during the year.

NOTE 6 - PENSION PLAN

The Village participates in a 401(k) plan in which employees can make elective deferrals to the plan regardless of full or part-time status; however, the Village contributes 6% for those employees considered full-time. Under this plan three employees are considered full-time. The Village's pension cost for the fiscal year ending March 31, 2007, is \$5,469. The current year contribution was based on covered payroll of \$91,145.

NOTE 7 - SCHEDULE OF BUILDING DEPARTMENT REVENUE AND EXPENDITURES

Public Act 245 of 1999 requires that the legislative bodies of the local government establish reasonable fees which bear a reasonable relationship to the cost of operating the enforcing agency. The Act provides that a separate fund be established to track these costs, unless the local unit's fee structure is not intended to recover the full cost of the enforcing agency and the local unit has the ability to track the full costs and revenues of this activity without creating a separate fund. In that case, the local unit may continue accounting for building department activities within the General Fund. The following is a schedule of building department revenues and expenditures:

Revenues	
Building and mechanical permits	\$ 5,567
Expenditures	
Building and mechanical inspector	<u>4,938</u>
 Revenues in Excess of Expenditures	 <u>\$ 629</u>

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2007

NOTE 8 - RISK MANAGEMENT

The Village carries insurance for risks of loss, including torts; theft of, damage to, and destruction of assets; error and omissions; workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded insurance coverage in the past fiscal year.

NOTE 9 - TRANSACTIONS WITH COMPONENT UNIT

Transactions between the Village and the Downtown Development Authority (DDA) for the year ended March 31, 2007, consisted of a contribution of \$175,000 from the DDA to the Major Street Fund for the Lemon Creek Road project.

NOTE 10 - EXPENDITURES OVER BUDGET

P.A. 621 of 1978 Section 18, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. During the year ended March 31, 2007, the Village incurred expenditures in certain budgetary functions which were in excess of the amount appropriated as follows:

	<u>Appropriation</u>	<u>Expenditures</u>	<u>Over Budget</u>
Major Street Fund - Construction	\$ 256,000	\$ 470,925	\$ 214,925

**VILLAGE OF BARODA
GENERAL FUND
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended March 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Taxes	\$ 106,650	\$ 106,750	\$ 114,538	\$ 7,788
State revenue	77,900	83,900	83,730	(170)
Licenses and permits	7,200	9,900	10,675	775
Interest and rents	39,200	41,300	44,119	2,819
Charges for services	7,500	7,500	6,960	(540)
Contributions and grants	400	400	520	120
Other revenue	2,200	2,450	2,168	(282)
	<u>241,050</u>	<u>252,200</u>	<u>262,710</u>	<u>10,510</u>
Total Revenues	\$ 241,050	\$ 252,200	\$ 262,710	\$ 10,510
Expenditures:				
General government	\$ 141,485	\$ 146,895	\$ 125,224	\$ 21,671
Public safety	15,600	19,100	14,904	4,196
Public works	69,110	73,315	56,983	16,332
Community and economic development	15,490	15,490	7,253	8,237
Recreation and cultural	26,250	18,310	10,568	7,742
Capital outlay	3,700	3,700	143	3,557
	<u>271,635</u>	<u>276,810</u>	<u>215,075</u>	<u>61,735</u>
Total Expenditures	\$ 271,635	\$ 276,810	\$ 215,075	\$ 61,735
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (30,585)	\$ (24,610)	\$ 47,635	\$ 72,245
Other Financing Sources (Uses):				
Operating transfers out	\$ (66,000)	\$ (64,000)	\$ (54,000)	\$ 10,000
Operating transfers in	-	-	-	-
	<u>(66,000)</u>	<u>(64,000)</u>	<u>(54,000)</u>	<u>10,000</u>
Total Other Financing Sources (Uses)	\$ (66,000)	\$ (64,000)	\$ (54,000)	\$ 10,000
Net Change in Fund Balance	\$ (96,585)	\$ (88,610)	\$ (6,365)	\$ 82,245
Fund Balance, Beginning of Year	89,933	89,933	89,933	-
FUND BALANCE, END OF YEAR	<u>\$ (6,652)</u>	<u>\$ 1,323</u>	<u>\$ 83,568</u>	<u>\$ 82,245</u>

**VILLAGE OF BARODA
SPECIAL REVENUE FUND
Major Street Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended March 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
State revenue	\$ 48,000	\$ 48,000	\$ 46,333	\$ (1,667)
Interest and rents	2,000	2,700	2,710	10
Contribution from component unit	175,000	175,000	175,000	-
Grants	<u>224,000</u>	<u>-</u>	<u>215,611</u>	<u>215,611</u>
 Total Revenues	 \$ 449,000	 \$ 225,700	 \$ 439,654	 \$ 213,954
 Expenditures:				
General Government:				
Professional services	\$ 800	\$ 600	\$ 490	\$ 110
Retirement	780	780	587	193
Insurance	<u>3,800</u>	<u>4,300</u>	<u>4,110</u>	<u>190</u>
 Total General Government	 \$ 5,380	 \$ 5,680	 \$ 5,187	 \$ 493
 Public Works:				
Construction:				
Salaries	\$ 2,500	\$ 500	\$ 386	\$ 114
Payroll taxes	200	40	30	10
Contract services	485,000	256,000	470,925	(214,925)
Engineering	<u>60,000</u>	<u>60,000</u>	<u>56,605</u>	<u>3,395</u>
 Total Construction	 \$ 547,700	 \$ 316,540	 \$ 527,946	 \$ (211,406)
 Routine Maintenance:				
Salaries	\$ 7,000	\$ 8,000	\$ 7,633	\$ 367
Payroll taxes	550	615	584	31
Supplies	1,000	750	656	94
Equipment rental	20,000	20,000	18,166	1,834
Contract services	-	1,000	750	250
Repairs and maintenance	<u>2,000</u>	<u>1,000</u>	<u>416</u>	<u>584</u>
 Total Routine Maintenance	 \$ 30,550	 \$ 31,365	 \$ 28,205	 \$ 3,160

**VILLAGE OF BARODA
SPECIAL REVENUE FUND
Major Street Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended March 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Winter Maintenance:				
Salaries	\$ 3,000	\$ 3,000	\$ 2,392	\$ 608
Payroll taxes	230	230	183	47
Supplies	2,000	2,000	1,684	316
Equipment rental	<u>4,500</u>	<u>4,500</u>	<u>4,991</u>	<u>(491)</u>
Total Winter Maintenance	<u>\$ 9,730</u>	<u>\$ 9,730</u>	<u>\$ 9,250</u>	<u>\$ 480</u>
Traffic Services:				
Salaries	\$ 500	\$ 500	\$ -	\$ 500
Payroll taxes	40	40	-	40
Supplies	500	500	-	500
Electricity	<u>500</u>	<u>500</u>	<u>245</u>	<u>255</u>
Total Traffic Services	<u>\$ 1,540</u>	<u>\$ 1,540</u>	<u>\$ 245</u>	<u>\$ 1,295</u>
Total Public Works	<u>\$ 589,520</u>	<u>\$ 359,175</u>	<u>\$ 565,646</u>	<u>\$ (206,471)</u>
Total Expenditures	<u>\$ 594,900</u>	<u>\$ 364,855</u>	<u>\$ 570,833</u>	<u>\$ (205,978)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (145,900)</u>	<u>\$ (139,155)</u>	<u>\$ (131,179)</u>	<u>\$ 7,976</u>
Other Financing Sources (Uses):				
Operating transfers in	\$ 40,000	\$ 40,000	\$ 34,000	\$ (6,000)
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 34,000</u>	<u>\$ (6,000)</u>
Net Change in Fund Balance	<u>\$ (105,900)</u>	<u>\$ (99,155)</u>	<u>\$ (97,179)</u>	<u>\$ 1,976</u>
Fund Balances, Beginning of Year	<u>99,736</u>	<u>99,736</u>	<u>99,736</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ (6,164)</u>	<u>\$ 581</u>	<u>\$ 2,557</u>	<u>\$ 1,976</u>

VILLAGE OF BARODA
NONMAJOR GOVERNMENTAL FUNDS
Description of Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Local Street Fund - This fund is used to account for revenues collected and monies expended for the purpose of maintaining the nonmajor streets within the Village.

**VILLAGE OF BARODA
NONMAJOR GOVERNMENTAL FUNDS
Balance Sheet
March 31, 2007**

	Local Street <u>Fund</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ <u>1,019</u>
Total Current Assets	\$ <u>1,019</u>
TOTAL ASSETS	\$ <u>1,019</u>
Fund Balances	
Fund Balances:	
Unreserved, reported in	
Special Revenue	\$ <u>1,019</u>
Total Fund Balances	\$ <u>1,019</u>
TOTAL FUND BALANCES	\$ <u>1,019</u>

VILLAGE OF BARODA
NONMAJOR GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended March 31, 2007

	Local Street Fund
Revenues:	
State shared revenue	\$ 13,059
Interest and rents	<u>126</u>
Total Revenues	<u>\$ 13,185</u>
Expenditures:	
General government	\$ 4,610
Public works	<u>31,897</u>
Total Expenditures	<u>\$ 36,507</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (23,322)</u>
Other Financing Sources (Uses):	
Operating transfer in	\$ 20,000
Operating transfer out	<u>-</u>
Total Other Financing Sources (Uses)	<u>\$ 20,000</u>
Net Change in Fund Balances	\$ (3,322)
Fund Balances, Beginning of Year	<u>4,341</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,019</u>

**VILLAGE OF BARODA
GENERAL FUND
Statement of Revenues, Compared to Budget
For the Year Ended March 31, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes:			
Property tax collections	\$ 105,300	\$ 113,097	\$ 7,797
Trailer fees	850	839	(11)
Interest and penalties on taxes	<u>600</u>	<u>602</u>	<u>2</u>
Total Taxes	<u>\$ 106,750</u>	<u>\$ 114,538</u>	<u>\$ 7,788</u>
Licenses and permits	<u>\$ 9,900</u>	<u>\$ 10,675</u>	<u>\$ 775</u>
State Revenues:			
State revenue sharing	<u>\$ 83,900</u>	<u>\$ 83,730</u>	<u>\$ (170)</u>
Charges for Services:			
Graves	\$ 1,500	\$ 960	\$ (540)
Administration cost recovery	<u>6,000</u>	<u>6,000</u>	<u>-</u>
Total Charges for Services	<u>\$ 7,500</u>	<u>\$ 6,960</u>	<u>\$ (540)</u>
Interest and rents	<u>\$ 41,300</u>	<u>\$ 44,119</u>	<u>\$ 2,819</u>
Contributions:			
Contributions and grants	<u>\$ 400</u>	<u>\$ 520</u>	<u>\$ 120</u>
Other	<u>\$ 2,450</u>	<u>\$ 2,168</u>	<u>\$ (282)</u>
TOTAL REVENUES	<u>\$ 252,200</u>	<u>\$ 262,710</u>	<u>\$ 10,510</u>

**VILLAGE OF BARODA
GENERAL FUND
Statement of Expenditures, Compared to Budget
For the Year Ended March 31, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
General Government:			
Trustees:			
Salaries	\$ 8,800	\$ 8,267	\$ 533
Payroll taxes	700	632	68
Insurance	400	360	40
Travel	200	70	130
Education	600	230	370
Total Trustees	<u>\$ 10,700</u>	<u>\$ 9,559</u>	<u>\$ 1,141</u>
President:			
Salaries	\$ 7,680	\$ 7,590	\$ 90
Payroll taxes	600	581	19
Insurance	75	70	5
Travel	850	40	810
Education	500	-	500
Dues	100	100	-
Total President	<u>\$ 9,805</u>	<u>\$ 8,381</u>	<u>\$ 1,424</u>
Clerk:			
Salaries	\$ 21,620	\$ 21,379	\$ 241
Payroll taxes	1,650	1,636	14
Insurance	6,675	5,613	1,062
Retirement	1,300	1,283	17
Education	300	25	275
Travel	1,050	704	346
Miscellaneous	270	75	195
Total Clerk	<u>\$ 32,865</u>	<u>\$ 30,715</u>	<u>\$ 2,150</u>
Treasurer:			
Salaries	\$ 9,310	\$ 8,674	\$ 636
Payroll taxes	720	663	57
Insurance	75	70	5
Travel	350	126	224
Education	50	-	50
Miscellaneous	470	470	-
Total Treasurer	<u>\$ 10,975</u>	<u>\$ 10,003</u>	<u>\$ 972</u>

**VILLAGE OF BARODA
GENERAL FUND
Statement of Expenditures, Compared to Budget
For the Year Ended March 31, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
General Government, continued:			
Administrative and Office:			
Professional services	\$ 24,300	\$ 21,047	\$ 3,253
Telephone	2,500	2,392	108
Internet services and website	600	545	55
Publishing	3,000	2,227	773
Insurance	15,250	13,131	2,119
Pension	800	780	20
Supplies	2,500	1,649	851
Engineering	6,000	4,889	1,111
Repairs	5,000	3,987	1,013
Miscellaneous	<u>6,600</u>	<u>4,724</u>	<u>1,876</u>
Total Administrative and Office	<u>\$ 66,550</u>	<u>\$ 55,371</u>	<u>\$ 11,179</u>
Buildings and Grounds:			
Salaries	\$ 2,500	\$ 2,591	\$ (91)
Payroll taxes	200	197	3
Supplies	1,000	417	583
Utilities	7,100	4,514	2,586
Repairs and maintenance	3,200	2,296	904
Equipment purchased	1,000	927	73
Equipment rental	<u>1,000</u>	<u>253</u>	<u>747</u>
Total Buildings and Grounds	<u>\$ 16,000</u>	<u>\$ 11,195</u>	<u>\$ 4,805</u>
Total General Government	<u>\$ 146,895</u>	<u>\$ 125,224</u>	<u>\$ 21,671</u>
Public Safety:			
Police	\$ 12,000	\$ 9,966	\$ 2,034
Inspectors	<u>7,100</u>	<u>4,938</u>	<u>2,162</u>
Total Public Safety	<u>\$ 19,100</u>	<u>\$ 14,904</u>	<u>\$ 4,196</u>

**VILLAGE OF BARODA
GENERAL FUND
Statement of Expenditures, Compared to Budget
For the Year Ended March 31, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Public Works:			
Drains	\$ 100	\$ -	\$ 100
Fire hydrant rental	\$ 11,250	\$ 10,500	\$ 750
Department of Public Works:			
Salaries	\$ 10,500	\$ 10,451	\$ 49
Payroll taxes	800	799	1
Insurance	6,900	5,216	1,684
Retirement	1,400	1,047	353
Supplies	3,000	2,127	873
Equipment	1,000	1,046	(46)
Gas and oil	8,000	6,674	1,326
Repairs	3,000	3,051	(51)
Equipment rental	1,000	193	807
Uniform rental	250	177	73
Total Department of Public Works	\$ 35,850	\$ 30,781	\$ 5,069
Highways and Streets:			
Salaries	\$ 1,500	\$ 782	\$ 718
Payroll taxes	115	60	55
Operating supplies	3,500	17	3,483
Street lights	15,000	13,137	1,863
Contractual services	3,500	1,538	1,962
Equipment rental	1,000	137	863
Equipment repairs	500	21	479
Miscellaneous	1,000	10	990
Total Highways and Streets	\$ 26,115	\$ 15,702	\$ 10,413
Total Public Works	\$ 73,315	\$ 56,983	\$ 16,332
Community and Economic Development:			
Planning Commission:			
Salaries	\$ 4,130	\$ 2,690	\$ 1,440
Payroll taxes	360	206	154
Outside services	-	1,080	(1,080)
Education	500	225	275
Ordinance book	10,000	2,700	7,300
Miscellaneous	500	352	148
Total Community and Economic Development	\$ 15,490	\$ 7,253	\$ 8,237

**VILLAGE OF BARODA
GENERAL FUND
Statement of Expenditures, Compared to Budget
For the Year Ended March 31, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Recreation and Cultural:			
Parks and Recreation:			
Salaries	\$ 6,000	\$ 4,938	\$ 1,062
Payroll taxes	460	378	82
Insurance	200	157	43
Operating supplies	300	9	291
Park repairs	6,000	520	5,480
Equipment rental	3,500	2,994	506
Utilities	400	331	69
Miscellaneous	<u>1,450</u>	<u>1,241</u>	<u>209</u>
Total Recreation and Cultural	<u>\$ 18,310</u>	<u>\$ 10,568</u>	<u>\$ 7,742</u>
Capital Outlay	<u>\$ 3,700</u>	<u>\$ 143</u>	<u>\$ 3,557</u>
TOTAL EXPENDITURES	<u>\$ 276,810</u>	<u>\$ 215,075</u>	<u>\$ 61,735</u>

VILLAGE OF BARODA
NONMAJOR SPECIAL REVENUE FUNDS
Balance Sheet
March 31, 2007

	Local Street Fund
Assets	
Cash in bank	\$ 1,019
TOTAL ASSETS	<u>\$ 1,019</u>
Fund Balance	
Fund balances:	
Unreserved	\$ 1,019
Total Fund Balances	<u>\$ 1,019</u>
TOTAL FUND BALANCE	<u>\$ 1,019</u>

VILLAGE OF BARODA
NONMAJOR SPECIAL REVENUE FUNDS
Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended March 31, 2007

	Local Street Fund
Revenues:	
State revenue	\$ 13,059
Interest and rents	<u>126</u>
Total Revenues	<u>\$ 13,185</u>
Expenditures:	
General Government:	
Professional services	\$ 490
Retirement	474
Insurance	<u>3,646</u>
Total General Government	<u>\$ 4,610</u>
Public Works:	
Routine Maintenance:	
Salaries	\$ 6,120
Payroll taxes	468
Supplies	656
Equipment rental	15,198
Miscellaneous	<u>206</u>
Total Routine Maintenance	<u>\$ 22,648</u>

**VILLAGE OF BARODA
NONMAJOR SPECIAL REVENUE FUNDS
Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended March 31, 2007**

	Local Street Fund
Public Works, continued:	
Winter Maintenance:	
Salaries	\$ 2,392
Payroll taxes	183
Supplies	1,684
Equipment rental	<u>4,990</u>
Total Winter Maintenance	<u>\$ 9,249</u>
Total Public Works	<u>\$ 31,897</u>
Total Expenditures	<u>\$ 36,507</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (23,322)</u>
Other Financing Sources (Uses):	
Operating transfers in	<u>\$ 20,000</u>
Net Change in Fund Balance	\$ (3,322)
Fund Balances, Beginning of Year	<u>4,341</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,019</u>

Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Fifth Third Bank Building ■ 4th Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

April 25, 2007

Village Board
Village of Baroda
Baroda, Michigan

In connection with our audit of the books and records of the Village of Baroda for the year ending March 31, 2007, we offer the following comments and recommendations:

GENERAL

1. The Federal grant received for the Lemon Creek Road project was not recorded in the Major Street Fund. An adjusting entry was made to record the grant and the project expenditure. By recording the grant, the Lemon Creek Road Project will accurately reflect the entire cost of the project rather than only the Village's share.
2. In the original budget for the 2006/2007 Major Street Fund, budgeted expenditures exceeded budgeted revenues and available surplus in the amount of \$6,164. This is in violation of the Michigan Department of Treasury Uniform Budget Manual. The final amended budget was in compliance.
3. In the original budget for 2006/2007 General Fund, budgeted expenditures exceeded budgeted revenues and available surplus in the amount of \$6,652. At the time the budget was adopted the estimated ending fund balance was such that a deficit did not occur.

We appreciate the cooperation and courtesy extended to us by the officials and employees of the Village of Baroda and trust that these comments and recommendations will be accepted in the spirit of cooperation in which they are intended.

Very truly yours,



GERBEL & COMPANY, P.C.
Certified Public Accountants

Right. On time.

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